



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

FILED

03-03-08
04:59 PM

Application of **California-American Water Company** (U210W), to Decrease Revenues for Water Service in its Coronado District by (\$73,100) or (0.46%) in 2008, and Increase Revenues by \$266,200 or 1.67% in 2009, and \$260,900 or 1.61% in 2010.

And Related Matters.

Application 07-01-036
(Filed January 22, 2007)

Application 07-01-037
Application 07-01-038
Application 07-01-039

COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON THE PROPOSED DECISION

I. INTRODUCTION

Pursuant to Rule 14.3 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure ("Rules"), the Division of Ratepayer Advocates ("DRA") respectfully submits its Comments on the proposed decision of Administrative Law Judge ("ALJ") Rochester, entitled, "Opinion Adopting the Revenue Requirement for California-America Water Company's Coronado and Village Districts" ("PD"), which was released for comment on February 11, 2008. Pursuant to Rule 14.3(b), DRA's proposed findings of fact and conclusions of law are attached as Appendix A.

II. RETURN ON EQUITY (ROE)

DRA agrees with the Proposed Decision's conclusion that "an ROE of 10.15% is a fair and reasonable."¹ DRA also supports the Proposed Decision's denial of Cal-Am's request for a leverage adjustment to its ROE due to increased

¹ PD at 20.

financial risk.² The Proposed Decision’s rejection of a leverage adjustment is appropriate and consistent with past Commission practice.

III. INFRASTRUCTURE SYSTEM REPLACEMENT SURCHARGE (ISRS)

DRA supports the Proposed Decision’s denial of Cal-Am’s proposed Infrastructure System Replacement Surcharge (“ISRS”) due to absence of a “strong asset management strategy.”³ DRA agrees with the Proposed Decision’s that a pilot Distribution System Improvement Charge (“DSIC”) in the Coronado and Village districts is not necessary at this time due to “the absence of evidence establishing urgency or financial need.”⁴ The pilot DSIC program for Cal Am’s Los Angeles district was only recently authorized in August 2007 and the Commission needs more time to review the effectiveness of the pilot program.

IV. CORRECTIONS TO PROPOSED DECISION

DRA has identified some minor numerical and typographical errors in the Proposed Decision and recommends the following corrections.

- On page 17, footnote 19 states: “DRA D.07-06-024 does not include Southwest Water in its analysis.” “D.07-06-024” appears to be an inadvertent insertion and should be omitted.
- In the text on page 8 and in Finding of Fact 3, the figure for debt, “58.15%” is slightly incorrect. The debt figure should be 58.16%.

///

///

///

² PD at 22.

³ PD at 28.

⁴ PD at 29.

V. CONCLUSION

DRA urges the Commission to modify the Proposed Decision as discussed above.

Respectfully submitted,

/s/ Marcelo Poirier

Marcelo Poirier
Staff Counsel

Attorney for the Division of
Ratepayer Advocates

California Public Utilities
Commission
505 Van Ness Ave.
San Francisco, CA 94102
Phone: (415) 703-2913
Fax: (415) 703-2262

March 3, 2008

ATTACHMENT A

CHANGES TO FINDINGS OF FACT AND CONCLUSIONS OF LAW⁵

Findings of Fact

3. The debt to equity ratio contained in the settlement of ~~58.15%~~ 58.16% to 41.84% for Test Year 2008, 58.32% to 41.68% for Escalation Year 2009 and 58.83% to 41.17% for Escalation Year 2010 is reasonable.

⁵ Additions are underlined and text that should be deleted is shown with ~~striketrough~~.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of **COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON THE PROPOSED DECISION** in **A.07-01-036 et al.** by using the following service:

☒ **E-Mail Service:** sending the entire document as an attachment to an e-mail message to all known parties of record to this proceeding who provided electronic mail addresses.

☐ **U.S. Mail Service:** mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on March 3, 2008 at San Francisco, California.

/s/ ALBERT HILL

Albert Hill

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

SERVICE LIST A.07-01-036 ET AL.

jspurgin@toaks.org
mpo@cpuc.ca.gov
ldolqueist@manatt.com
jbouler@comcast.net
turnerkb@amwater.com
sleeper@manatt.com
dstephen@amwater.com
bajgrowiczjim@comcast.net
plescure@lescure-
engineers.com
markwest@markwest.org
demorse@omsoft.com
darlene.clark@amwater.com
flc@cpuc.ca.gov
jrc@cpuc.ca.gov
lrr@cpuc.ca.gov
smw@cpuc.ca.gov